# City of Parker, Texas

*ANNUAL FINANCIAL REPORT*

For the Year Ended September 30, 2025

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# City of Parker, Texas

*ANNUAL FINANCIAL REPORT*

September 30, 2025

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# City of Parker, Texas

*ANNUAL FINANCIAL REPORT*

September 30, 2025

**COMPLIANCE AND INTERNAL CONTROL SECTION**

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# FINANCIAL SECTION

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# INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Parker, Texas

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parker, Texas (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Emphasis of Matter – Correction of an Error*

As discussed in Note V Section F, during the year ended September 30, 2025, the City identified and corrected an error in unearned revenue and restated fund balance for the capital street construction fund. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5–15, budgetary comparison information on page 65, and the pension and OPEB tables on pages 66–71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements on pages 74-77 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Tom Bean ,Texas
January 20, 2026

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As management of the City of Parker, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025.

## Financial Highlights

- The City's total combined net position is $76,388,606 at September 30, 2025. Of this, $20,922,211 (unrestricted net position) may be used to meet the City's ongoing obligations to its citizens and creditors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of $17,294,459, an increase of $3,401,302.
- As of the end of the year, the unassigned fund balance of the General fund was $9,570,751 or 194% of total General fund expenditures.
- The City had an overall increase in net position of $2,705,160, which is primarily due to increases in property tax revenue in the amount of $549,632.
- The City budgeted for a net decrease in fund balance of $1,252,705 for the General Fund. The actual activity resulted in an increase in the fund balance for the General fund of $1,099,921. This resulted in a positive overall variance between budget to actual of $2,352,626.

## Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government- wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

## Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business- type activities*). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water, sewer and sanitation operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Parker Volunteer Fire Department for which the City is financially accountable. Although legally separate, the Fire Department functions for all practical purposes as a department of the City and therefore has been included as an integral part of the primary government.

## FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of Parker. They are usually segregated for specific activities or objectives. The City of Parker uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Parker maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, which are considered major funds.

The City of Parker adopts an annual appropriated budget for its general, debt service, capital projects, and utility funds. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

**Proprietary Funds**

The City maintains one type of proprietary fund which is considered an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment, water construction operations and sanitation services. The proprietary fund financial statements provide separate information for the water distribution, wastewater collection/treatment fund, and sanitation funds. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

**Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund and schedule of changes in net pension and total OPEB liability and related ratios- TMRS, and schedule of contributions - TMRS. The RSI can be found after the basic financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Parker, assets and deferred outflows exceeded liabilities and deferred inflow by $76,388,606 as of September 30, 2025, in the primary government.

The largest portion of the City's net position, $51,289,026, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Current and other assets of Governmental Activities as of September 30, 2025, and September 30, 2024, were $17,640,746 and $15,523,421, respectively. The increase of $2,117,325 was primarily due to greater cash on hand resulting from grant revenue, interest income, and less than anticipated spendings. Capital and right to use assets of Governmental Activities as of September 30, 2025, and September 30, 2024, were $29,483,374 and $31,624,572, respectively. The decrease of $2,141,198 was primarily attributable to a slowdown in capital asset acquisitions, coupled with increased depreciation from the assets acquired in the prior year. Long-term liabilities (including the current portion thereof) of Governmental Activities as of September 30, 2025, and September 30, 2024, were $ 1,666,513 and $1,431,919, respectively. The increase of $234,594 is primarily due to increases in the net pension liability.

Current and other assets of Business-Type Activities as of September 30, 2025, and September 30, 2024, were $11,396,622 and $11,051,396, respectively. The increase of $345,226 was due to increased utility billing revenue collected in fiscal year 2025. Other liabilities of Business-Type Activities as of September 30, 2025, and September 30, 2024, were $ 1,821,135 and $810,042, respectively. The increase of $1,011,093 was a result of timing of payments to third party vendors in the subsequent fiscal year. Long-term liabilities of Business-Type Activities as of September 30, 2025, and September 30, 2024, were $ 6,025,027 and $6,340,502, respectively. The decrease of $315,475 is primarily due to repayments of bonds and notes payable.

## Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

| | 2025 | | | 2024 *(as restated)* | | |
|---|---|---|---|---|---|---|
| | Government Activities | Business-type Activities | Total | Government Activities | Business-type Activities | Total |
| **Assets** | | | | | | |
| Current and other assets | $ 17,640,746 | $ 11,396,622 | $ 29,037,368 | $ 15,523,421 | $ 11,051,396 | $ 26,574,817 |
| Capital and right to use assets, net | 29,483,374 | 28,028,654 | 57,512,028 | 31,624,572 | 26,078,205 | 57,702,777 |
| Total Assets | 47,124,120 | 39,425,276 | 86,549,396 | 47,147,993 | 37,129,601 | 84,277,594 |
| **Deferred Outflows of Resources** | 233,699 | 68,187 | 301,886 | 277,730 | 103,728 | 381,458 |
| **Liabilities** | | | | | | |
| Other liabilities | 624,270 | 1,821,135 | 2,445,405 | *2,076,082* | 810,042 | 2,886,124 |
| Long-term liabilities | 1,666,513 | 6,025,027 | 7,691,540 | 1,431,919 | 6,340,502 | 7,772,421 |
| Total Liabilities | 2,290,783 | 7,846,162 | 10,136,945 | 3,508,001 | 7,150,544 | 10,658,545 |
| **Deferred Inflows of Resources** | 253,797 | 71,934 | 325,731 | 232,342 | 84,719 | 317,061 |
| **Net Position** | | | | | | |
| Net investment in capital assets | 28,979,304 | 22,309,722 | 51,289,026 | 30,733,242 | 20,035,423 | 50,768,665 |
| Restricted and committed | 4,049,360 | 128,009 | 4,177,369 | 2,510,127 | 2,381,474 | 4,891,601 |
| Unrestricted | 11,784,575 | 9,137,636 | 20,922,211 | *10,442,011* | 7,581,169 | 18,023,180 |
| Total Net Position | $ 44,813,239 | $ 31,575,367 | $ 76,388,606 | *$ 43,685,380* | $ 29,998,066 | $ 73,683,446 |

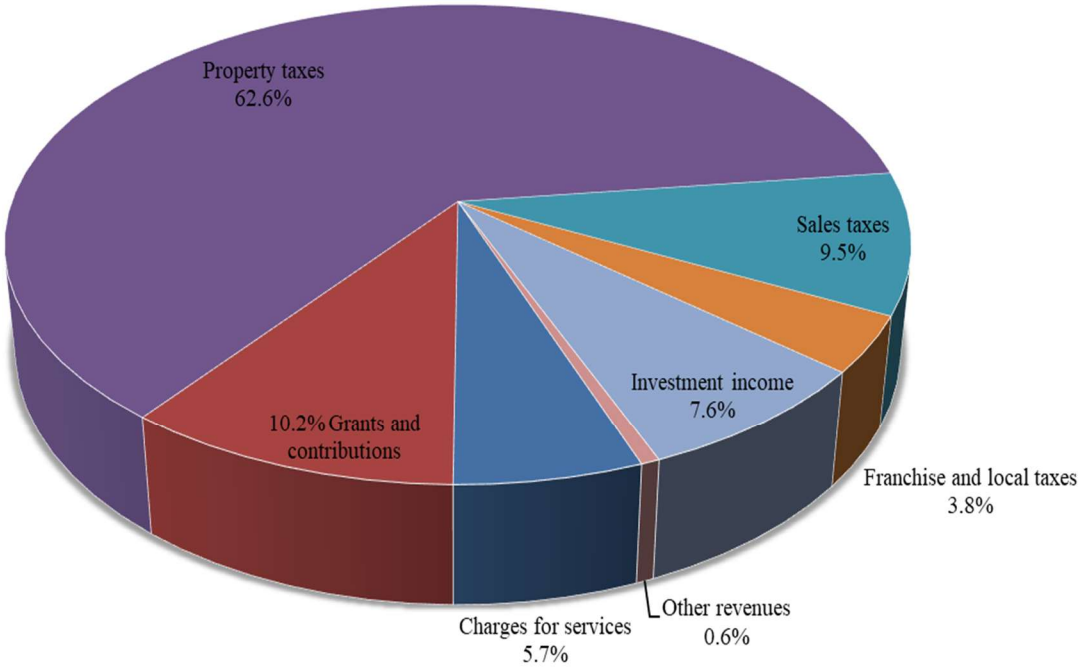
**Statement of Activities:**

The following table provides a summary of the City's changes in net position:

| | 2025 | | | 2024 *(as restated)* | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| **Revenue** | | | | | | |
| Program Revenue | | | | | | |
| Charges for services | $ 551,345 | $ 6,821,131 | $ 7,372,476 | $ 673,654 | $ 6,522,022 | $ 7,195,676 |
| Grants and contributions | 987,968 | - | 987,968 | 2,081,462 | 2,177,688 | 4,259,150 |
| General Revenue | | | | | | |
| Property taxes | 6,061,328 | - | 6,061,328 | 5,511,696 | - | 5,511,696 |
| Sales taxes | 917,487 | - | 917,487 | 799,745 | - | 799,745 |
| Franchise and local taxes | 363,849 | - | 363,849 | 353,053 | - | 353,053 |
| Investment income | 738,838 | 252,261 | 991,099 | 647,546 | 289,261 | 936,807 |
| Other revenues | 55,278 | - | 55,278 | 9,450 | - | 9,450 |
| Insurance reimbursements | 205,966 | - | 205,966 | - | - | - |
| Total Revenue | 9,882,059 | 7,073,392 | 16,955,451 | 10,076,606 | 8,988,971 | 19,065,577 |
| **Expenses** | | | | | | |
| General government | 964,865 | - | 964,865 | *690,880* | - | 690,880 |
| Public safety | 3,089,500 | - | 3,089,500 | 3,016,132 | - | 3,016,132 |
| Public works | 3,497,076 | - | 3,497,076 | 3,259,449 | - | 3,259,449 |
| Culture and recreation | 10,618 | - | 10,618 | 10,618 | - | 10,618 |
| Interest and fiscal charges | 6,723 | 198,501 | 205,224 | 17,088 | 209,477 | 226,565 |
| Water, sewer, & sanitation | - | 6,483,008 | 6,483,008 | - | 5,679,644 | 5,679,644 |
| Total Expenses | 7,568,782 | 6,681,509 | 14,250,291 | 6,994,167 | 5,889,121 | 12,883,288 |
| **Change in Net Position Before Transfers** | 2,313,277 | 391,883 | 2,705,160 | *3,082,439* | 3,099,850 | 6,182,289 |
| Transfers | (1,185,418) | 1,185,418 | - | 80,000 | (80,000) | - |
| Total | (1,185,418) | 1,185,418 | - | 80,000 | (80,000) | - |
| **Change in Net Position** | 1,127,859 | 1,577,301 | 2,705,160 | *3,162,439* | 3,019,850 | 6,182,289 |
| Beginning Net Position, as originally stated | 43,568,289 | 29,998,066 | 73,566,355 | 40,522,941 | 26,978,216 | 67,501,157 |
| Prior period adjustments | 117,091 | - | 117,091 | - | - | - |
| Beginning Net Position, as restated | 43,685,380 | 29,998,066 | 73,683,446 | 40,522,941 | 26,978,216 | 67,501,157 |
| **Ending Net Position** | $ 44,813,239 | $ 31,575,367 | $ 76,388,606 | $ 43,685,380 | $ 29,998,066 | $ 73,683,446 |

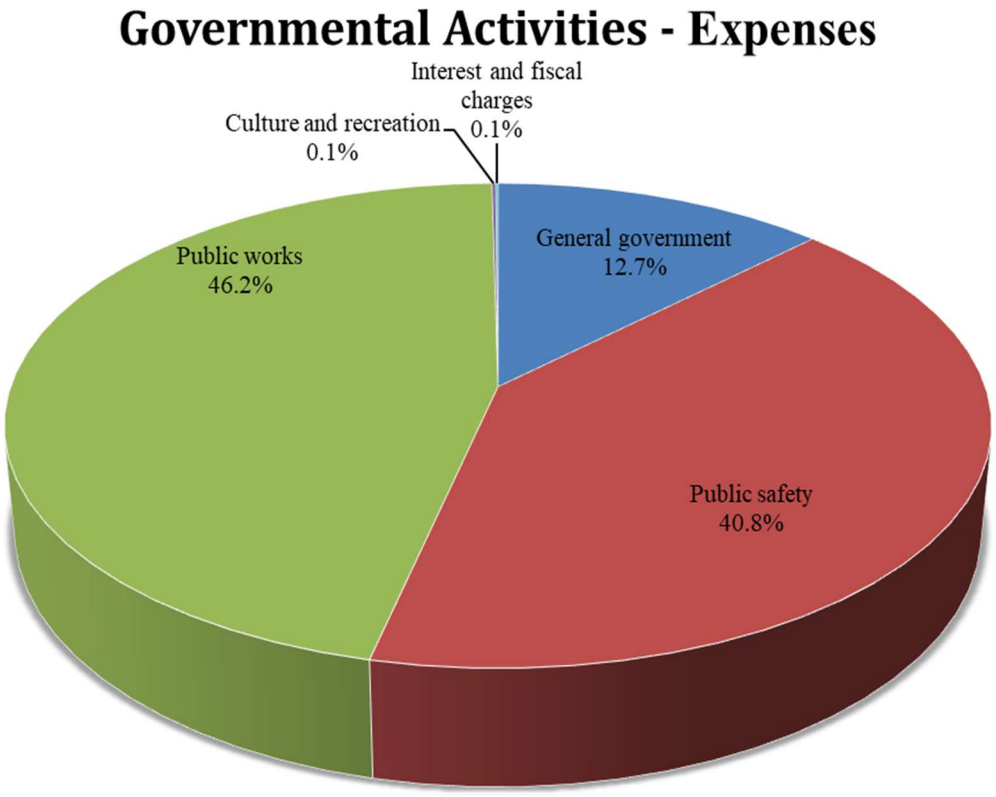
Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

## Governmental Activities - Revenues



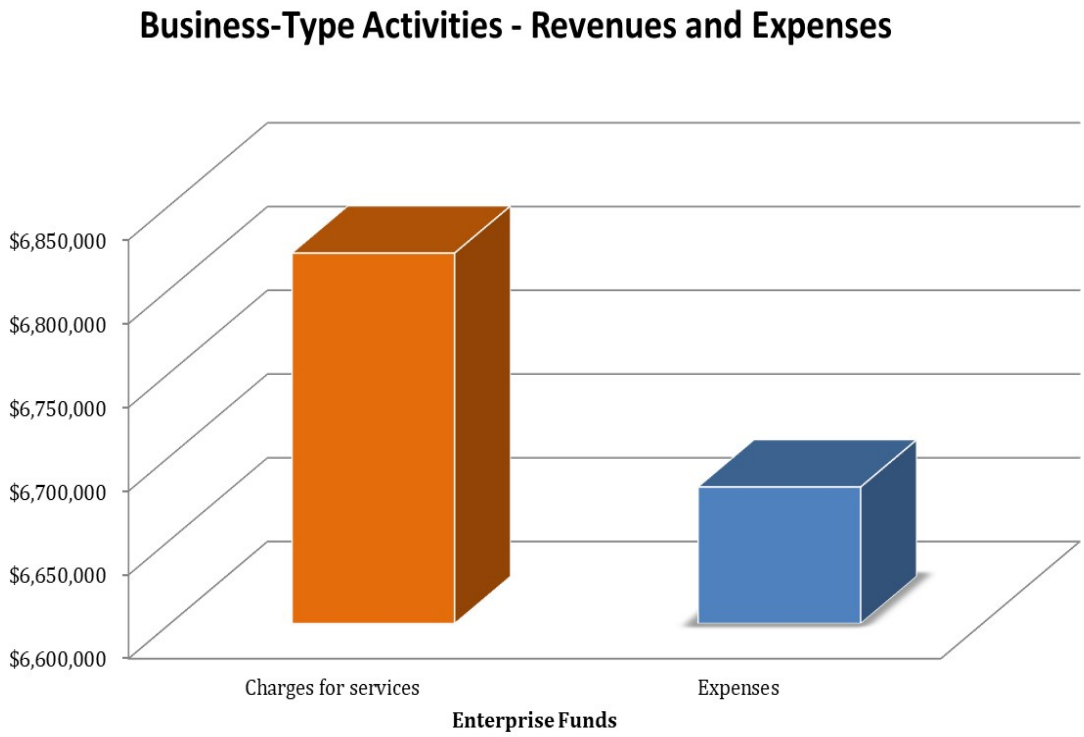

For the year ended September 30, 2025, revenues from governmental activities totaled $9,882,059. Property tax, charges for services, and grants and contributions are the City's largest revenue sources. Property tax increased $549,632 or 10% due to an increase in the taxable appraisal value of properties. Sales tax increased $117,742, or 15%, due to an increase of taxable sales. Grants and contributions decreased $1,093,494, or 53% due to nonrecurring capital contributions from a developer in the prior year. The City received insurance reimbursements for hail damage to City assets in the amount of $205,966.

This graph shows the governmental function expenses of the City:




For the year ended September 30, 2025, expenses for governmental activities totaled $7,568,782. This represents an increase of $574,615 or 8% from the prior year. The City's largest functional expense is public works for $3,497,076. Public works expenses increased by $237,627 or 7.3% primarily due to minor tools and equipment purchases and professional service costs in the current year. Public safety expenses increased by $73,368 or 2% from the prior year. The increase was primarily a result of greater personnel costs. General government expenses increased by $273,985 or 40% primarily due to pay increases for employees allocated to this function.

Business-type activities are shown comparing operating costs to revenues generated by related services.




For the year ended September 30, 2025, charges for services by business-type activities totaled $6,821,131. This is an increase of $299,109, or 5% from the previous year. This increase directly relates to an increase in refuse billing rates and growth in the City's customer base compared to the prior year.

Total expenses for business-type activities increased $792,388 or 13%, due to increased personnel and water purchase.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near- term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of the end of the year the general fund reflected a total fund balance of $9,578,001. Of this, $7,250 is considered nonspendable. The unassigned fund balance totaled $9,570,751 as of year-end. The general fund balance increased $1,099,921primarily as a result of greater than anticipated revenues and less than anticipated expenditures.

As of September 30, 2025, the capital street construction fund reflected a fund balance of $3,682,873, an increase of $1,536,735 from the prior year. Fund balance increased due to transfers from other funds in excess of the capital outlays and 1% of the sales tax is allocated to the fund. Also during the year ended September 30, 2025, the City entered a prior period adjustment of $117,091 to relieve unearned revenue which the City will not recognize due to a change in the grantor and agreement terms related to the project.

As of September 30, 2025, the nonmajor debt service fund reflected a fund balance of $107,045, a decrease of $152,629 from the prior year. Fund balance declined due to an increase in debt service payments.

As of September 30, 2025, the other nonmajor governmental funds reflected a total fund balance of $3,926,540, an increase of $917,275. The increase was primarily a result of transfers received from other funds for the different purposes of the special revenue funds.

There was an increase in governmental fund balance of $3,401,302 from the prior year. The increase was primarily a result of the current year revenue increases in property and sales tax and additional grants.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

## GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total positive budget variance of $2,352,626 in the general fund. This was primarily the result of positive revenue and expenditure variance totaling $1,249,969 and $1,054,583, respectively. All expenditures were less than final budgeted appropriations, with the exception of principal retirement, interest and fiscal charges, and capital outlay.

## CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $28,976,522 in a variety of capital and right to use assets and infrastructure, net of accumulated depreciation and amortization. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested $22,309,722 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Acquisition of a backhoe in the amount of $140,633.
- Water line replacements in the amount of $2,317,557.

More detailed information about the City's capital assets is presented in note IV. D. to the financial statements.

## LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding, in the amount of $5,955,086. During the year, principal payments totaling $615,000 were made, as required. More detailed information about the City's long-term liabilities is presented in note IV. E. to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Parker and improving services provided to their public citizens. The City is budgeting for growth in the upcoming year.

The following known factors were considered in preparing the City's operating budget for FY 2025-2026:

- This budget will raise more total property taxes than last year's budget by $449,886 or 7.42%, and of that amount, $231,884 is tax revenue to be raised from new property added to the tax roll.
- The approved budget for all funds for FY 2025-2026 reflects total anticipated revenues of $19,754,266 and total anticipated expenditures of $24,225,360.
- The City's tax rate is set each fall and is enacted via ordinance. The rate for fiscal year 2025-2026 was enacted by Ordinance #874 and is set to $0.307344 cents per $100 of valuation.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Parker's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Manager, 5700 East Parker Road, Parker, Texas 75002.

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# BASIC FINANCIAL STATEMENTS

# City of Parker, Texas

*STATEMENT OF NET POSITION*

September 30, 2025

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **Assets** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 17,344,430 | $ 3,587,104 | $ 20,931,534 |
| Receivables, (net) | 273,931 | 1,206,093 | 1,480,024 |
| Prepaid expenses | 22,385 | 7,250 | 29,635 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 6,596,175 | 6,596,175 |
| **Total Current Assets** | 17,640,746 | 11,396,622 | 29,037,368 |
| Capital and right to use assets: | | | |
| Non depreciable capital assets | 920,660 | 2,937,917 | 3,858,577 |
| Net depreciable capital assets | 28,361,226 | 25,090,737 | 53,451,963 |
| Net right to use assets | 201,488 | - | 201,488 |
| **Total Capital and Right to Use Assets** | 29,483,374 | 28,028,654 | 57,512,028 |
| **Total Assets** | 47,124,120 | 39,425,276 | 86,549,396 |
| **Deferred Outflows of Resources** | | | |
| Deferred outflows - pension | 229,659 | 65,093 | 294,752 |
| Deferred charges on refunding | 3,158 | 2,844 | 6,002 |
| Deferred outflows - OPEB | 882 | 250 | 1,132 |
| **Total Deferred Outflows of Resources** | 233,699 | 68,187 | 301,886 |



The Notes to the Financial Statements are an integral part of this statement.

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **Liabilities** | | | |
| Current liabilities: | | | |
| Accounts payable | 175,601 | 1,153,547 | 1,329,148 |
| Accrued liabilities and other payables | 60,047 | - | 60,047 |
| Customer deposits | 52,000 | 41,722 | 93,722 |
| Accrued interest payable | 1,105 | 27,957 | 29,062 |
| Payable to Collin County | - | 238,856 | 238,856 |
| Due within one year: | | | |
| Leases payable | 72,011 | - | 72,011 |
| Bonds and notes payable | 95,663 | 334,337 | 430,000 |
| Accrued compensated absences | 167,843 | 24,716 | 192,559 |
| **Total Current Liabilities** | 624,270 | 1,821,135 | 2,445,405 |
| Noncurrent liabilities: | | | |
| Due in more than one year: | | | |
| Leases payable | 119,093 | - | 119,093 |
| Bonds and notes payable | 216,787 | 5,647,875 | 5,864,662 |
| Net pension liability | 1,275,903 | 361,639 | 1,637,542 |
| Total OPEB liability | 54,730 | 15,513 | 70,243 |
| **Total Noncurrent Liabilities** | 1,666,513 | 6,025,027 | 7,691,540 |
| **Total Liabilities** | 2,290,783 | 7,846,162 | 10,136,945 |
| **Deferred Inflows of Resources** | | | |
| Deferred inflows - pension | 231,200 | 65,530 | 296,730 |
| Deferred inflows - OPEB | 22,597 | 6,404 | 29,001 |
| **Total Deferred Inflows of Resources** | 253,797 | 71,934 | 325,731 |
| **Net Position** | | | |
| Net investment in capital assets | 28,979,304 | 22,309,722 | 51,289,026 |
| Restricted for: | | | |
| Parks and recreation | 59,222 | - | 59,222 |
| Debt service | 107,045 | - | 107,045 |
| Capital projects | 3,677,856 | 128,009 | 3,805,865 |
| Public safety | 205,237 | - | 205,237 |
| Unrestricted | 11,784,575 | 9,137,636 | 20,922,211 |
| **Total Net Position** | $ 44,813,239 | $ 31,575,367 | $ 76,388,606 |



The Notes to the Financial Statements are an integral part of this statement.

# City of Parker, Texas

*STATEMENT OF ACTIVITIES*

For the Year Ended September 30, 2025

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary Government:** | | | | |
| Governmental Activities: | | | | |
| General government | $ 964,865 | $ 402,195 | $ 987,968 | $ - |
| Public safety | 3,089,500 | 149,150 | - | - |
| Public works | 3,497,076 | - | - | - |
| Culture and recreation | 10,618 | - | - | - |
| Interest and fiscal charges | 6,723 | - | - | - |
| **Total Governmental Activities** | 7,568,782 | 551,345 | 987,968 | - |
| Business-Type Activities: | | | | |
| Water, sewer, & sanitation | 6,681,509 | 6,821,131 | - | - |
| **Total Business-Type Activities** | 6,681,509 | 6,821,131 | - | - |
| **Total Primary Government** | $ 14,250,291 | $ 7,372,476 | $ 987,968 | $ - |

General Revenues:
- Property taxes
- Sales and use taxes
- Franchise and local taxes
- Investment income
- Other revenues

Insurance reimbursements

Transfers in (out)

**Total General Revenues, Transfers, Change in Net Position**

Net Position - Beginning as originally stated

Prior period adjustments

Net Position - Beginning as restated

Net Position - Ending



The Notes to the Financial Statements are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| $ 425,298 | $ - | $ 425,298 |
| (2,940,350) | - | (2,940,350) |
| (3,497,076) | - | (3,497,076) |
| (10,618) | - | (10,618) |
| (6,723) | - | (6,723) |
| (6,029,469) | - | (6,029,469) |
| - | $ 139,622 | 139,622 |
| - | 139,622 | 139,622 |
| $ (6,029,469) | $ 139,622 | $ (5,889,847) |
| 6,061,328 | - | 6,061,328 |
| 917,487 | - | 917,487 |
| 363,849 | - | 363,849 |
| 738,838 | 252,261 | 991,099 |
| 55,278 | - | 55,278 |
| 205,966 | - | 205,966 |
| (1,185,418) | 1,185,418 | - |
| 7,157,328 | 1,437,679 | 8,595,007 |
| 1,127,859 | 1,577,301 | 2,705,160 |
| 43,568,289 | 29,998,066 | 73,566,355 |
| 117,091 | - | 117,091 |
| 43,685,380 | 29,998,066 | 73,683,446 |
| $ 44,813,239 | $ 31,575,367 | $ 76,388,606 |



The Notes to the Financial Statements are an integral part of this statement.

# City of Parker, Texas

*BALANCE SHEET - GOVERNMENTAL FUNDS*

September 30, 2025

| | General Fund | Capital Street Construction Fund | Nonmajor Debt Service Fund | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | $ 9,646,893 | $ 3,605,143 | $ 107,045 | $ 3,985,349 | $ 17,344,430 |
| Receivables, net: | | | | | |
| Sales taxes | 77,730 | 77,730 | - | - | 155,460 |
| Franchise & local taxes | 59,496 | - | - | - | 59,496 |
| Property taxes | 29,209 | - | 1,991 | - | 31,200 |
| Court | 27,440 | - | - | - | 27,440 |
| Other | 335 | - | - | - | 335 |
| Prepaid items | 7,250 | - | - | 15,135 | 22,385 |
| **Total Assets** | 9,848,353 | 3,682,873 | 109,036 | 4,000,484 | 17,640,746 |
| **Liabilities** | | | | | |
| Accounts payable | 101,657 | - | - | 73,944 | 175,601 |
| Accrued liabilities and other payables | 60,047 | - | - | - | 60,047 |
| Customer deposits | 52,000 | - | - | - | 52,000 |
| **Total Liabilities** | 213,704 | - | - | 73,944 | 287,648 |
| **Deferred Inflows of Resources** | | | | | |
| Unavailable revenue - property taxes | 29,209 | - | 1,991 | - | 31,200 |
| Unavailable revenue - fines | 27,439 | - | - | - | 27,439 |
| **Total Deferred Inflows of Resources** | 56,648 | - | 1,991 | - | 58,639 |
| **Fund Balances** | | | | | |
| Nonspendable | 7,250 | - | - | 15,135 | 22,385 |
| Restricted for: | | | | | |
| Parks and recreation | - | - | - | 59,222 | 59,222 |
| Debt service | - | - | 107,045 | - | 107,045 |
| Capital projects | - | 3,682,873 | - | - | 3,682,873 |
| Public safety | - | - | - | 205,237 | 205,237 |
| Committed for: | | | | | |
| Capital improvements | - | - | - | 3,646,946 | 3,646,946 |
| Unassigned | 9,570,751 | - | - | - | 9,570,751 |
| **Total Fund Balances** | 9,578,001 | 3,682,873 | 107,045 | 3,926,540 | 17,294,459 |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balances** | $ 9,848,353 | $ 3,682,873 | $ 109,036 | $ 4,000,484 | $ 17,640,746 |



The Notes to the Financial Statements are an integral part of this statement.

# City of Parker, Texas

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET*
*TO THE STATEMENT OF NET POSITION*
September 30, 2025

| | | |
|---|---|---|
| **Fund Balances - Total Governmental Funds** | $ | 17,294,459 |
| Amounts reported for governmental activities in the Statement of Net Position | | |
| Capital and right to use assets used in governmental activities are not current financial resources, and therefore, are not reported in the governmental funds. | | 29,483,374 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are considered unavailable in the governmental funds | | |
| Property taxes receivables | | 31,200 |
| Fines receivable | | 27,439 |
| Deferred outflows (inflows) of resources represent a consumption (source) of net position that applies to a future period(s) and are not recognized as an outflow (inflow) of resources (expense/expenditure) until then. | | |
| Pension amounts | | (1,541) |
| OPEB amounts | | (21,715) |
| Deferred charges on bond refunding | | 3,158 |
| Some liabilities, including interest, bonds payable, leases payable, and net pension and total OPEB liabilities, are not reported as liabilities in the governmental funds. | | |
| Accrued interest | | (1,105) |
| Accrued compensated absences | | (167,843) |
| Non-current debt/leases payable due in one year | | (167,674) |
| Non-current debt/leases payable due in more than one year | | (335,880) |
| Net pension and total OPEB liability | | (1,330,633) |
| **Net Position of Governmental Activities - Statement of Net Position** | $ | 44,813,239 |



The Notes to the Financial Statements are an integral part of this statement.

# City of Parker, Texas

*STATEMENT OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS*

For the Year Ended September 30, 2025

| | General Fund | Capital Street Construction Fund | Nonmajor Debt Service Fund | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Taxes: | | | | | |
| Property | $ 5,906,304 | $ - | $ 151,971 | $ - | $ 6,058,275 |
| Sales and mixed beverage taxes | 460,554 | 456,933 | - | - | 917,487 |
| Franchise and local taxes | 363,849 | - | - | - | 363,849 |
| Grants | 973,689 | - | - | - | 973,689 |
| Investment income | 737,074 | - | - | 1,764 | 738,838 |
| Licenses and permits | 402,195 | - | - | - | 402,195 |
| Fines and forfeitures | 132,466 | - | - | 16,672 | 149,138 |
| Other revenue | 55,243 | - | - | 35 | 55,278 |
| Contributions and donations | - | - | - | 14,279 | 14,279 |
| **Total Revenues** | 9,031,374 | 456,933 | 151,971 | 32,750 | 9,673,028 |
| **Expenditures** | | | | | |
| Current operating: | | | | | |
| Police department | 1,430,421 | - | - | 28,812 | 1,459,233 |
| Fire department | 996,014 | - | - | - | 996,014 |
| General government | 653,652 | - | - | 134,282 | 787,934 |
| City property | 546,958 | - | - | - | 546,958 |
| Public works | 343,914 | 5,691 | - | - | 349,605 |
| Building and code enforcement | 248,264 | - | - | - | 248,264 |
| Municipal court | 119,683 | - | - | - | 119,683 |
| Debt service: | | | | | |
| Principal retirement | - | - | 291,860 | 89,705 | 381,565 |
| Interest and fiscal charges | - | - | 12,740 | 1,483 | 14,223 |
| Capital outlay | 5,589 | 48,121 | - | 335,085 | 388,795 |
| **Total Expenditures** | 4,344,495 | 53,812 | 304,600 | 589,367 | 5,292,274 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | 4,686,879 | 403,121 | (152,629) | (556,617) | 4,380,754 |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers in | 25,000 | 1,133,614 | - | 1,341,000 | 2,499,614 |
| Transfers out | (3,685,032) | - | - | - | (3,685,032) |
| Insurance reimbursements | 73,074 | - | - | 132,892 | 205,966 |
| **Total Other Financing Sources (Uses)** | (3,586,958) | 1,133,614 | - | 1,473,892 | (979,452) |
| **Net Change in Fund Balances** | 1,099,921 | 1,536,735 | (152,629) | 917,275 | 3,401,302 |
| **Fund Balances - Beginning** | | | | | |
| As originally stated | 8,478,080 | 2,029,047 | 259,674 | 3,009,265 | 13,776,066 |
| Prior period adjustments | - | 117,091 | - | - | 117,091 |
| **Fund Balances - Beginning as restated** | 8,478,080 | 2,146,138 | 259,674 | 3,009,265 | 13,893,157 |
| **Fund Balances - Ending** | $ 9,578,001 | $ 3,682,873 | $ 107,045 | $ 3,926,540 | $ 17,294,459 |



The Notes to the Financial Statements are an integral part of this statement.

# City of Parker, Texas

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES*

For the Year Ended September 30, 2025

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | $ | 3,401,302 |
| Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlays | | 388,795 |
| Depreciation and amortization expense | | (2,593,732) |
| Other capital asset transactions | | 63,740 |
| Revenues in the SOA that do not provide current financial resources are not reported as revenues in the governmental funds. | | 3,065 |
| The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, the amounts are deferred and amortized in the Statement of Activities. The following amounts are the net effect of these differences in the treatment of long-term debt and related items: | | |
| Net changes in bonds and leases | | 382,478 |
| Net changes in debt premium/discount | | 8,016 |
| Net changes in deferred charges on refunding | | (1,429) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | |
| Compensated absences | | (29,560) |
| Pension and OPEB expense | | (497,597) |
| **Net Position of Governmental Activities - Statement of Activities** | $ | 1,127,859 |



The Notes to the Financial Statements are an integral part of this statement.

# City of Parker, Texas

*STATEMENT OF NET POSITION*

*PROPRIETARY FUNDS*

September 30, 2025

| | Water & Sewer Fund | Nonmajor Sanitation Fund | Total |
|---|---|---|---|
| **Assets** | | | |
| **Current assets:** | | | |
| Cash and cash equivalents | $ 3,563,315 | $ 23,789 | $ 3,587,104 |
| Receivables, net | 1,147,728 | 58,365 | 1,206,093 |
| Prepaid expenses | 7,250 | - | 7,250 |
| Restricted assets: | | | |
| Cash and cash equivalents | 6,596,175 | - | 6,596,175 |
| **Total Current Assets** | 11,314,468 | 82,154 | 11,396,622 |
| **Noncurrent assets:** | | | |
| **Capital Assets** | | | |
| Land | 323,666 | - | 323,666 |
| Construction in progress | 2,614,251 | - | 2,614,251 |
| Water system | 33,807,426 | - | 33,807,426 |
| Sewer system | 216,655 | - | 216,655 |
| Vehicles and equipment | 162,131 | - | 162,131 |
| Accumulated depreciation | (9,095,475) | - | (9,095,475) |
| **Total Noncurrent Assets** | 28,028,654 | - | 28,028,654 |
| **Total Assets** | 39,343,122 | 82,154 | 39,425,276 |
| **Deferred Outflows of Resources** | | | |
| Deferred outflows - pension | 65,093 | - | 65,093 |
| Deferred charges on bond refunding | 2,844 | - | 2,844 |
| Deferred outflows - OPEB | 250 | - | 250 |
| **Total Deferred Outflows of Resources** | 68,187 | - | 68,187 |



The Notes to the Financial Statements are an integral part of this statement.

| | Water & Sewer Fund | Nonmajor Sanitation Fund | Total |
|---|---|---|---|
| **Liabilities** | | | |
| Current liabilities: | | | |
| Accounts payable and other current liabilities | 1,104,758 | 48,789 | 1,153,547 |
| Accrued interest payable | 27,957 | - | 27,957 |
| Utility customer deposits | 41,722 | - | 41,722 |
| Payable to Collin County | 238,856 | - | 238,856 |
| Compensated absences payable | 24,716 | - | 24,716 |
| General obligation bonds payable - current | 334,337 | - | 334,337 |
| **Total Current Liabilities** | 1,772,346 | 48,789 | 1,821,135 |
| **Noncurrent Liabilities** | | | |
| General obligation bonds payable | 5,647,875 | - | 5,647,875 |
| Net pension liability | 361,639 | - | 361,639 |
| Total OPEB liability | 15,513 | - | 15,513 |
| **Total Noncurrent Liabilities** | 6,025,027 | - | 6,025,027 |
| **Total Liabilities** | 7,797,373 | 48,789 | 7,846,162 |
| **Deferred Inflows of Resources** | | | |
| Deferred inflows - pension | 65,530 | - | 65,530 |
| Deferred inflows - OPEB | 6,404 | - | 6,404 |
| **Total Deferred Inflows of Resources** | 71,934 | - | 71,934 |
| **Net Position** | | | |
| Net investment in capital assets | 22,309,722 | - | 22,309,722 |
| Restriction for capital projects | 128,009 | - | 128,009 |
| Unrestricted | 9,104,271 | 33,365 | 9,137,636 |
| **Total Net Position** | $ 31,542,002 | $ 33,365 | $ 31,575,367 |



The Notes to the Financial Statements are an integral part of this statement.

# City of Parker, Texas

*STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS*

For the Year Ended September 30, 2025

| | Water & Sewer Fund | Nonmajor Sanitation Fund | Total |
|---|---|---|---|
| **Operating Revenues** | | | |
| Charges for sales and services: | | | |
| Water sales | $ 5,494,718 | $ - | $ 5,494,718 |
| Garbage collection | - | 591,799 | 591,799 |
| Sewer charges | 589,929 | - | 589,929 |
| Meter installations | 114,750 | - | 114,750 |
| Other revenue | 29,935 | - | 29,935 |
| **Total Operating Revenues** | 6,229,332 | 591,799 | 6,821,131 |
| **Operating Expenses** | | | |
| Purchased water | 3,114,137 | - | 3,114,137 |
| Depreciation | 735,111 | - | 735,111 |
| Personnel services | 687,292 | - | 687,292 |
| Cost of sanitation | - | 571,207 | 571,207 |
| Wastewater treatment | 518,991 | - | 518,991 |
| Other purchased services | 502,733 | - | 502,733 |
| Supplies and maintenance | 353,537 | - | 353,537 |
| **Total Operating Expenses** | 5,911,801 | 571,207 | 6,483,008 |
| **Operating Income (Loss)** | 317,531 | 20,592 | 338,123 |
| **Non-Operating Revenues (Expenses)** | | | |
| Interest revenue | 252,261 | - | 252,261 |
| Interest and fiscal charges | (198,501) | - | (198,501) |
| **Total Non-Operating Revenues (Expenses)** | 53,760 | - | 53,760 |
| **Income (Loss) Before Transfers** | 371,291 | 20,592 | 391,883 |
| Transfers in | 5,146,085 | - | 5,146,085 |
| Transfers out | (3,960,667) | - | (3,960,667) |
| **Changes in Net Position** | 1,556,709 | 20,592 | 1,577,301 |
| **Net Position - Beginning** | 29,985,293 | 12,773 | 29,998,066 |
| **Net Position - Ending** | $ 31,542,002 | $ 33,365 | $ 31,575,367 |



The Notes to the Financial Statements are an integral part of this statement.

# City of Parker, Texas

*STATEMENT OF CASH FLOWS*

*PROPRIETARY FUNDS*

For the Year Ended September 30, 2025

| | Water & Sewer Fund | Nonmajor Sanitation Fund | Totals |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Cash received from customers | $ 6,290,253 | $ 588,088 | $ 6,878,341 |
| Cash payments to other suppliers and employees | (3,962,822) | (564,299) | (4,527,121) |
| **Net Cash Provided (Used) by Operating Activities** | 2,327,431 | 23,789 | 2,351,220 |
| **Cash Flows from Non-capital Financing Activities** | | | |
| Transfers in from other funds | 5,146,085 | - | 5,146,085 |
| Transfers out to other funds | (3,960,667) | - | (3,960,667) |
| **Net Cash Provided (Used) by Non-Capital Financing Activities** | 1,185,418 | - | 1,185,418 |
| **Cash Flows from Capital and Related Financing Activities** | | | |
| Purchase of capital assets | (2,685,559) | - | (2,685,559) |
| Principal paid on debt | (323,140) | - | (323,140) |
| Interest paid on debt | (252,083) | - | (252,083) |
| **Net Cash Provided (Used) by Capital and Related Financing Activities** | (3,260,782) | - | (3,260,782) |
| **Cash Flows from Investing Activities** | | | |
| Interest and dividends on investments | 252,261 | - | 252,261 |
| **Net Cash Provided (Used) by Investing Activities** | 252,261 | - | 252,261 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 504,328 | 23,789 | 528,117 |
| Cash and Cash Equivalents at Beginning of Year | 9,655,162 | - | 9,655,162 |
| Cash and Cash Equivalents at End of Year | $ 10,159,490 | $ 23,789 | $ 10,183,279 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities** | | | |
| Operating income (loss) | $ 317,531 | $ 20,592 | $ 338,123 |
| Provided (used) by operating activities: | | | |
| Depreciation | 735,111 | - | 735,111 |
| Change in Assets and Liabilities: | | | |
| Decrease (increase) in receivables | 54,607 | (3,711) | 50,896 |
| Decrease (increase) in pension and OPEB related deferred outflows | 34,253 | - | 34,253 |
| Decrease (increase) in prepaid expenses | 131,995 | - | 131,995 |
| Increase (decrease) in accounts payable | 982,683 | 6,908 | 989,591 |
| Increase (decrease) in utility customer deposits | 6,314 | - | 6,314 |
| Increase (decrease) in compensated absences | 5,453 | - | 5,453 |
| Increase (decrease) in total OPEB obligation | (2,797) | - | (2,797) |
| Increase (decrease) in net pension obligation | 52,842 | - | 52,842 |
| Increase (decrease) in pension and OPEB related deferred inflows | 9,439 | - | 9,439 |
| **Net Cash Provided (Used) by Operating Activities** | $ 2,327,431 | $ 23,789 | $ 2,351,220 |
| **Noncash Capital and Related Financing Activities:** | | | |
| Premium amortization | $ 31,183 | $ - | $ 31,183 |



The Notes to the Financial Statements are an integral part of this statement.

# I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

## B. Reporting Entity

The City of Parker, Texas (the "City") was incorporated on March 22, 1969, and operates under a Type A General Law form of government. The City provides: police; fire; code enforcement; public works; street repair and maintenance; parks; general administrative services; water; wastewater; and sanitation.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Parker Volunteer Fire Department, although legally separate, is considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Blended Component Unit**

**Parker Volunteer Fire Department**

The Parker Volunteer Fire Department (the "VFD") was created by City ordinance on February 22, 1983. The purpose of the VFD is to provide fire protection to the citizens of the City. The Fire Chief is the executive officer of the department and is appointed by the Mayor of the City.

## C. Upcoming and Newly Implemented Accounting Pronouncements

The GASB has recently issued the following statements:

GASB issued Statement No. 101, "Compensated Absences," that clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2023. The City implemented this Statement in the year ended September 30, 2025.

GASB issued Statement No. 102, "Certain Risk Disclosures," that clarifies the definitions & disclosure guidance for risks due to concentration or constraint. The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources and a constraint as a limitation imposed by an external party or formal action of the government's highest level of decision-making authority. The Statement requires the government to assess wither a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact, and whether an event associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin within the 12 months after the date the financial statements are issued. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2024. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

GASB issued Statement No. 103, "Financial Reporting Model Improvements," that attempts to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement expands requirements for the management discussion & analysis, presentation of proprietary fund statement of revenues, expenses & changes in fund net position, and information related to major component units & budgetary comparisons. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

GASB issued Statement No. 104, "Disclosure of Certain Capital Assets," to clarify the disclosure requirements related to capital assets. This Statement requires separate disclosure of capital assets arising from leases, public-private & public-public partnerships & availability payment arrangements, and subscription-based information technology arrangements, and additional disclosures for capital assets held for sale. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2025. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

## D. Basis of Presentation Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its blended component units. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor debt service and sanitation funds are displayed in a separate column. All remaining governmental funds are aggregated and reported as other nonmajor funds.

The government reports the following governmental funds:

### Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

### General Fund

The General Fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, police and fire departments, public works, building and code enforcement, and city property. The General Fund is considered a major fund for reporting purposes.

**Capital Street Construction Fund**

The Capital Street Construction Fund is used to account for the construction or maintenance of street projects being financed from bond proceeds, grants or transfers from other funds. This fund is considered a major fund for reporting purposes.

**Debt Service Fund**

The Debt Service Fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes. The Debt Service Fund is considered a nonmajor fund for reporting purposes.

**Capital Drainage Fund**

The Capital Drainage Fund is used to account for the construction or maintenance of drainage related improvements being financed from bond proceeds, grants, or transfers from other funds. This fund is considered nonmajor for reporting purposes.

**Capital Facilities Fund**

The Capital Facilities Fund is used to account for land acquisition, construction, renovation and equipping of government facilities being financed from bond proceeds, grants, or transfers from other funds. This fund is considered nonmajor for reporting purposes.

**Volunteer Fire Department Fund**

The Volunteer Fire Department Fund (the "VFD") is used to account for contributions and grants that are contributed to the VFD for fire protection. The VFD is considered a nonmajor fund for reporting purposes. The VFD is reported as a blended component unit because it has no separate board from the City Council, and it is financially accountable to the City.

**Special Revenue Funds**

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of law enforcement, court security, court technology, police donations, child safety, equipment replacement, parks program, and technology replacement.

## Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

The government reports the following major and non-major enterprise funds:

### Water & Sewer Fund

This fund is used to account for the provision of water & sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, and water collection and treatment systems. The fund also accounts for the accumulation of resources for and the payment of long- term debt. All costs are financed through charges to utility customers.

### Sanitation Fund (Non-Major)

This fund is used to account for the provision of garbage services to the residents of the City. Activities of the fund include administration, operations, maintenance, and contract garbage services.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

## E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

## F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

### 1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexSTAR, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts Statewide investment pools

### 2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

### 3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non- current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

## 4. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

## 5. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) and are recognized as expenditures when utilized.

## 6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years.

| Asset Description | Estimated Useful Life |
|---|---|
| Vehicles | 5 to 10 years |
| Machinery and equipment | 5 to 10 years |
| Infrastructure | 5 to 30 years |
| Buildings and improvements | 25 years |

## 7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. An example which arises only under a modified accrual basis of accounting, relates to the accounting for uncollected property taxes. Accordingly, the item, *unavailable revenue,* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumptions used within the pension actuarial valuation model.

## 8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

## 9. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## 10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provision or enabling legislation. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, additional action is essential to either remove or revise a commitment.

## 11. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

## 12. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable, net pension liability, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred in accordance with GASB statement no. 65.

The net pension liability is included within long term debt. This liability is valued using an actuarial model and represents the difference between the plan fiduciary net position and the net pension liability consistent with GASB statement no. 68. The portion of this liability presented as a current liability is based on actuarially calculations for estimated future payments of benefits and refunds over the twelve months following year-end.

## 13. Leases – Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

## 14. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS.

For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### 15. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits plan (SDBP), with retiree coverage. The TMRS SDBP covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBP is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBP is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and non-employer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

### 16. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

## III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and Water & Sewer, and Sanitation Fund. Capital Projects Fund budgets are appropriated on a project-length basis.

The appropriated budget is prepared by fund, function, and department. The legal level of control is the function level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year.

## IV. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

As of September 30, 2025, the primary government had the following investments:

| Investment Type | Value | Weighted Average Maturity (Days) | Credit Rating |
|---|---|---|---|
| Certificates of deposit | $ 16,691,984 | 359 | N/A |
| External investment pools | | | |
| TexSTAR | 6,196,144 | 40 | AAAm |
| Total value | $ 22,888,128 | | |

*Interest rate risk* – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk* – The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2025, the City's investment in TexSTAR was rated AAAm by Standard & Poor's.

*Custodial credit risk – deposits:* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2025, the market values of pledged securities and FDIC did exceed bank balances, due to the nature of deposits with government sponsored investment pools that do not receive coverage or pledges. Management does not believe it is subject to credit risk.

*Custodial credit risk – investments:* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

**TexSTAR**

The Texas Short Term Asset Reserve Fund ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexSTAR are the same as the value of TexSTAR shares. There were no limitations or restrictions on withdrawals.

## B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The investments of the City consist of certificates of deposit and investment pool assets, which are both exempted from presentation within a fair value hierarchy table. As a result, no such table is presented.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

## C. Receivables

The following comprise receivable balances of the primary government at year end:

| | General | Capital Street Construction | Debt Service | Water & Sewer | Sanitation | Total |
|---|---|---|---|---|---|---|
| Property taxes | $ 29,209 | $ - | $ 1,991 | $ - | $ - | $ 31,200 |
| Sales tax | 77,730 | 77,730 | - | - | - | 155,460 |
| Franchise tax | 59,496 | - | - | - | - | 59,496 |
| Court | 54,879 | - | - | - | - | 54,879 |
| Accounts | - | - | - | 758,492 | 63,384 | 821,876 |
| Grants | - | - | - | 429,683 | - | 429,683 |
| Other | 335 | - | - | - | - | 335 |
| Allowance | (27,439) | - | - | (40,447) | (5,019) | (72,905) |
| | $ 194,210 | $ 77,730 | $ 1,991 | $ 1,147,728 | $ 58,365 | $ 1,480,024 |

## D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

| | Beginning Balances | Increases | Decreases/ Reclassifications | Ending Balances |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 843,484 | $ - | $ - | $ 843,484 |
| Construction in progress | 77,176 | - | - | 77,176 |
| Total capital assets not being depreciated | 920,660 | - | - | 920,660 |
| Capital assets, being depreciated/amortized: | | | | |
| Land improvements | 212,367 | - | - | 212,367 |
| Buildings and improvements | 2,740,006 | - | - | 2,740,006 |
| Vehicles and equipment | 3,915,984 | 334,674 | - | 4,250,658 |
| Infrastructure | 57,239,383 | 54,121 | - | 57,293,504 |
| Right-to-use leased assets | 351,823 | - | (54,499) | 297,324 |
| Total capital assets, being depreciated/amortized | 64,459,563 | 388,795 | (54,499) | 64,793,859 |
| Less accumulated depreciation/amortization: | | | | |
| Land improvements | (135,128) | (10,618) | - | (145,746) |
| Buildings and improvements | (1,159,456) | (64,275) | - | (1,223,731) |
| Vehicles and equipment | (3,375,760) | (230,291) | - | (3,606,051) |
| Infrastructure | (28,961,217) | (2,198,564) | - | (31,159,781) |
| Right-to-use leased assets | (60,351) | (89,984) | 54,499 | (95,836) |
| Total accumulated depreciation/amortization | (33,691,912) | (2,593,732) | 54,499 | (36,231,145) |
| Net capital assets being depreciated/amortized | 30,767,651 | (2,204,937) | - | 28,562,714 |
| **Governmental Capital Assets** | $ 31,688,311 | $ (2,204,937) | $ - | $ 29,483,374 |

Depreciation/amortization expense was charged to governmental functions as follows:

| | |
|---|---|
| General government | $ 50,103 |
| Public safety | 272,892 |
| Public works | 2,260,119 |
| Parks and recreation | 10,618 |
| Total governmental activities depreciation/amortization expense | $ 2,593,732 |

A summary of changes in business-type activities capital assets for the year end was as follows:

| | Beginning Balances | Increases | Decreases/ Reclassifications | Ending Balances |
|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | |
| Land | $ 323,666 | $ - | $ - | $ 323,666 |
| Construction in progress | 6,393,687 | 2,423,901 | (6,203,337) | 2,614,251 |
| Total capital assets not being depreciated | 6,717,353 | 2,423,901 | (6,203,337) | 2,937,917 |
| Captial assets, being depreciated: | | | | |
| Water and sewer system | 27,559,086 | 261,658 | 6,203,337 | 34,024,081 |
| Vehicles and equipment | 162,131 | - | - | 162,131 |
| Total capital assets being depreciated | 27,721,217 | 261,658 | 6,203,337 | 34,186,212 |
| Less accumulated depreciation | | | | |
| Water and sewer system | (8,200,968) | (733,744) | - | (8,934,712) |
| Vehicles and equipment | (159,396) | (1,367) | - | (160,763) |
| Total accumulated depreciation | (8,360,364) | (735,111) | - | (9,095,475) |
| Net capital assets being depreciated | 19,360,853 | (473,453) | 6,203,337 | 25,090,737 |
| Total Captial Assets | $ 26,078,206 | $ 1,950,448 | $ - | $ 28,028,654 |

Depreciation expense was charged to business-type activities as follows:

| | |
|---|---|
| Water | $ 729,695 |
| Sewer | 5,416 |
| Total Business-Type Activities Depreciation Expense | $ 735,111 |

## E. Long-term Liabilities

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the Debt Service Fund to liquidate governmental long-term liabilities.

| | Beginning Balances | Additions | Reductions | Ending Balances | Amounts Due within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Bonds payable: | | | | | |
| General Obligation Refunding Bonds | $ 426,607 | $ - | $ (131,860) | $ 294,747 | $ 95,663 |
| Premium | 25,720 | - | (8,017) | 17,703 | - |
| Certificate of Obligation | 160,000 | - | (160,000) | - | - |
| Total Bonds Payable | 612,327 | - | (299,877) | 312,450 | 95,663 |
| Right-to-use lease liability | 280,809 | - | (89,705) | 191,104 | 72,011 |
| Net pension liability | 846,879 | 429,024 | - | 1,275,903 | - |
| Total OPEB liability | 50,214 | 4,516 | - | 54,730 | - |
| Compensated absences | 138,283 | 29,560 | - | 167,843 | 167,843 |
| **Total Governmental Activities** | $ 1,928,512 | $ 463,100 | $ (389,582) | $ 2,002,030 | $ 335,517 |
| **Business-Type Activites:** | | | | | |
| Bonds payable: | | | | | |
| General Obligation Refunding Bonds | $ 398,393 | $ - | $ (123,140) | $ 275,253 | $ 89,337 |
| Combination Tax and Revenue Bonds | 5,585,000 | - | (200,000) | 5,385,000 | 245,000 |
| Premium | 353,280 | - | (31,321) | 321,959 | - |
| Total Bonds Payable | 6,336,673 | - | (354,461) | 5,982,212 | 334,337 |
| Net pension liability | 308,797 | 52,842 | - | 361,639 | - |
| Total OPEB liability | 18,310 | - | (2,797) | 15,513 | - |
| Compensated absences | 19,263 | 5,453 | - | 24,716 | 24,716 |
| **Total Business-Type Activities** | $ 6,683,043 | $ 58,295 | $ (357,258) | $ 6,384,080 | $ 359,053 |

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Long-term debt at year end was comprised of the following debt issues:

| Description | Interest Rates | Original Balance | Current Balance |
|---|---|---|---|
| Governmental Activities | | | |
| 2015 Certificate of Obligation (100%) | 2.09% | $ 1,485,000 | $ - |
| 2019 General Obligation Refunding Bonds (52%) | 3.00% | 1,285,000 | 294,747 |
| **Total Governmental Activities** | | 2,770,000 | 294,747 |
| Business-Type Activities | | | |
| 2018 Combination Tax & Revenue Bonds (100%) | 3.00 - 4.00% | 6,075,000 | 5,385,000 |
| 2019 General Obligation Refunding Bonds (48%) | 3.00% | 1,200,000 | 275,253 |
| **Total Business-type Activities** | | 7,275,000 | 5,660,253 |
| Total Long-Term Debt | | | |
| 2015 Certificate of Obligation (100%) | 2.09% | 1,485,000 | - |
| 2018 Combination Tax & Revenue Bonds (100%) | 3.00 - 4.00% | 6,075,000 | 5,385,000 |
| 2019 General Obligation Refunding Bonds (100%) | 3.00% | 2,485,000 | 570,000 |
| **Total** | | $ 10,045,000 | $ 5,955,000 |

The annual requirements to amortize governmental activities debt issues outstanding at year end were as follows:

| | **Governmental Activities** | |
|---|---|---|
| | 2019 General Obligation Bonds | |
| Year ending September 30, | Principal | Interest |
| 2026 | $ 95,663 | $ 7,407 |
| 2027 | 98,249 | 4,499 |
| 2028 | 100,835 | 1,513 |
| **Total** | $ 294,747 | $ 13,419 |

The City issued the 2015 Certificate of Obligation bond on August 20, 2015, in the original principal amount of $1,485,000. Payments are due in annual installments, with a maturity date of February 15, 2025. These certificates bear an interest rate of 2.09%, payable on February 15 and August 15. These certificates were paid off in the year ended September 30, 2025.

The City issued the 2019 General Obligation Refunding Bonds on December 17, 2019, in the original principal amount of $2,485,000. Payments are due in annual installments, with a maturity date of February 15, 2028. These bonds bear an interest rate of 3.0%, payable on February 15 and August 15. The governmental portion is approximately 52%, or $1,285,000.

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | 2019 General Obligation Bonds | | 2018 Certificates of Obligation | |
| Year ending September 30, | Principal | Interest | Principal | Interest |
| 2026 | $ 89,337 | $ 6,918 | $ 245,000 | $ 210,500 |
| 2027 | 91,751 | 4,201 | 255,000 | 200,500 |
| 2028 | 94,165 | 1,412 | 265,000 | 190,100 |
| 2029 | - | - | 385,000 | 177,100 |
| 2030 | - | - | 400,000 | 161,400 |
| 2031 and after | - | - | 3,835,000 | 646,100 |
| **Total** | $ 275,253 | $ 12,531 | $ 5,385,000 | $ 1,585,700 |

The City issued the 2018 Combination Tax and Revenue bonds on August 21, 2018, in the original principal amount of $6,075,000. Interest payments are due in biannual installments and principal payments are due in annual installments, with a maturity date of February 15, 2038. These certificates bear an interest rate of 3.00-4.00%, payable on February 15 and August 15.

The City issued the 2019 General Obligation Refunding Bonds on December 17, 2019, in the original principal amount of $2,485,000. Interest payments are due in biannual installments and principal payments are due in annual installments, with a maturity date of February 15, 2028. These bonds bear an interest rate of 3.0%, payable on February 15 and August 15. The business type activities portion is approximately 48%, or $1,200,000.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

**Lease Liability and Right-to-Use Lease Assets**

The City has entered into two lease agreements as the lessee. The leases allow the right-to-use a building and a vehicle over the term of the lease. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases.

The lease rate, term, and ending lease liability are as follows:

| Description | Interest Rates | Liability at Commencement | Lease Term in Years | Ending Balance |
|---|---|---|---|---|
| Governmental Activities | | | | |
| Leased Chevy Tahoe | 1.55% | $ 54,499 | 7.0 | $ - |
| Leased Chevy Explorer | 1.55% | 57,146 | 5.0 | 26,219 |
| Leased Ford F-150 #1 | 1.55% | 77,503 | 5.0 | 52,367 |
| Leased Ford F-150 #2 | 1.55% | 79,972 | 5.0 | 55,349 |
| Leased Expedition | 1.55% | 82,703 | 5.0 | 57,169 |
| **Total Governmental Activities** | | | | $ 191,104 |

The future principal and interest lease payments as of fiscal year end are as follows:

| Year ending September 30, | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 72,011 | $ 3,906 | $ 75,917 |
| 2027 | 59,907 | 2,826 | 62,733 |
| 2028 | 51,974 | 1,730 | 53,704 |
| 2029 | 7,212 | 869 | 8,081 |
| **Total** | $ 191,104 | $ 9,331 | $ 200,435 |

**Other Liability**

In 2017 Collin County agreed to issue a grant amounting to $367,247 and lend up to $975,506 to the City to relocate water utilities along FM 2514. The grant and payable amount are owed back to the County 30 days after the City receives the grant money from Texas Department of Transportation (TX DOT) if TX DOT approves reimbursement of this project. As of September 30, 2025, the City received $238,856 from the County related to this agreement. This amount is carried as a liability to the County and will be paid to the County when the TX DOT grant money is received. During September 30, 2018, TX DOT indicated their approval for this project on a 100% reimbursement basis. With this approval the City owes back the funds received from Collin County for $238,856. As of September 30, 2025 the City had a receivable for this grant of $429,683 from TX DOT.

## F. Deferred Charge on Refunding

A deferred charge resulting from the issuance of the 2019 General Obligation Refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental and business-type activities totaled $4,132 and $2,844, respectively. Current year amortization expense for governmental and business-type activities totaled $1,430 and $1,288, respectively.

### G. Customer Deposits

The City had customer deposits of $52,000 in the General Fund as of year-end. The City requires a $1,000 refundable deposit for all new home building permits. This amount will be refunded upon completion of the project and by meeting certain criteria set by the City. The City also had water meter deposits of $41,722 payable in the Water and Sewer Fund at year end.

### H. Interfund Transactions

The summary of interfund transfers for the year ended September 30, 2025 was as follows:

| Transfer Out | Transfer In | Amount |
|---|---|---|
| Water & Sewer Fund | General Fund | $ 25,000 |
| General Fund | Technology Replacement Fund | 150,000 |
| General Fund | Parks Fund | 40,000 |
| General Fund | Street Construction Fund | 1,133,614 |
| General Fund | Utility Construction Fund | 1,240,418 |
| General Fund | Drainage Improvement Fund | 100,000 |
| General Fund | Facility Improvement Fund | 300,000 |
| General Fund | Equipment Replacement Fund | 721,000 |
| Water & Sewer Fund | Technology Replacement Fund | 5,000 |
| Water & Sewer Fund | Equipment Replacement Fund | 25,000 |
| Water & Sewer Fund | Revenue Bond I&S Fund | 554,172 |
| Water & Sewer Fund | Utility Construction Fund | 328,355 |
| Utility Impact Fee Fund | Utility Construction Fund | 2,700,000 |
| Revenue Bond I&S Fund | Water & Sewer Fund | 323,140 |
| | **Total** | $ 7,645,699 |

## V. OTHER INFORMATION

### A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

## B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

## C. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues.

Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

## D. Pension and OPEB Plans

### Texas Municipal Retirement Systems

### 1. Plan Description

The City of Parker participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Comprehensive Annual Financial Report that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

## 2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

| | Plan Year 2024 | Plan Year 2023 |
|---|---|---|
| Employee deposit rate | 7% | 7% |
| Matching ratio (city to employer) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service retirement elgibility (expressed as age/years of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated service credit | 100% Repeating Transfers | 100% Repeating Transfers |

**Employees Covered by Benefit Terms:**

At the December 31, 2024 and 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | 2024 | 2023 |
|---|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 18 | 18 |
| Inactive employees entitled to but not yet receiving benefits | 19 | 16 |
| Active employees | 23 | 24 |
| Total | 60 | 58 |

## 3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method.

The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Parker were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Parker were 17.20% and 20.38% in calendar years 2024 and 2025 respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $360,943, and were equal to the required contributions.

## 4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:**

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.50% |
| Overall payroll growth | 3.6% to 11.85%, including inflation |
| Investment Rate of Return | 6.75%, net pension plan investment expense, including inflation |

Salary increases were based on a service-related table. The retirement age is based on the experience-based table of rates that are specific to the City's plan of benefits. It was last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018. Mortality rates for post-retirement are based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

The pre-retirement members is based on the PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

Effective December 31, 2015, the long-term expected rate of return on TMRS pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation and the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50%.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|---|---|---|
| Global Equity | 35.0% | 7.10% |
| Core Fixed Income | 6.0% | 5.00% |
| Non-Core Fixed Income | 6.0% | 6.80% |
| Hedge Funds | 5.0% | 6.40% |
| Private Equity | 13.0% | 8.50% |
| Private Debt | 13.0% | 8.20% |
| Real Estate | 12.0% | 6.70% |
| Infrastructure | 6.0% | 6.00% |
| Other Private Markets | 4.0% | 7.30% |
| **Total** | 100% | |

**Discount Rate:**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate:**

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| Sensitivity of the Net Pension Liability to Changes in the Discount Rate | | |
|---|---|---|
| 1% Decrease 5.75% | Current Single Discount Rate Assumption 6.75% | 1% Increase 7.75% |
| $2,646,179 | $1,637,542 | $808,139 |

**Changes in the Net Pension Liability:**

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| **Balance at 12/31/23** | $ 5,672,316 | $ 4,516,639 | $ 1,155,677 |
| Changes for the year: | | | |
| Service Cost | 378,907 | - | 378,907 |
| Interest | 431,725 | - | 431,725 |
| Difference between expected and actual experience | 625,327 | - | 625,327 |
| Change in benefit terms including substantively automatic status | - | - | - |
| Changes of assumptions | (25,209) | - | (25,209) |
| Contributions - employer | - | 327,097 | (327,097) |
| Contributions - employee | - | 135,324 | (135,324) |
| Net investment income | - | 469,545 | (469,545) |
| Benefit payments, inlcuding refunds or emp. contributions | (182,352) | (182,352) | - |
| Administrative expense | - | (3,010) | 3,009 |
| Other changes | - | (72) | 72 |
| Net changes | 1,228,398 | 746,532 | 481,865 |
| **Balance at 12/31/24** | $ 6,900,714 | $ 5,263,171 | $ 1,637,542 |

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

## 5. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized pension expense of $929,041.

At September 30, 2025, the City reported deferred outflows and inflows of resources related to TMRS pensions from the following sources:

| | Deferred Outflows of Resources | Deferred (Inflows) of Resources |
|---|---|---|
| Differences between expected and actual economic experience | $ - | $ (240,001) |
| Changes in actuarial assumptions | 7,509 | - |
| Difference between projected and investment earnings | - | (56,729) |
| Contributions subsequent to the measurement date | 287,243 | - |
| **Total** | $ 294,752 | $ (296,730) |

The City reported $287,243 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended September 30: | Deferred Outflow (Inflow) of Resources |
|---|---|
| 2026 | $ (86,946) |
| 2027 | (40,034) |
| 2028 | (129,309) |
| 2029 | (32,932) |
| 2030 | - |
| Thereafter | - |
| **Total** | $ (289,221) |

## Other Postemployment Benefits (OPEB)

### 1. Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBP). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBP by adopting an ordinance before November 1 of any year to be effective the following January 1.

## 2. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

| The City offers supplemental death to: | Plan Year 2024 | Plan Year 2023 |
|---|---|---|
| Active employees (yes or no) | Yes | Yes |
| Retirees (yes or no) | Yes | Yes |

The City contributes to the SDBP at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBP program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

**Employees Covered by Benefit Terms:**

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 12 |
| Inactive employees entitled to but not yet receiving benefits | 5 |
| Active employees | 23 |
| Total | 40 |

## 3. Contributions

The City's contributions to the TMRS SDBP for the years ended 2025, 2024, and 2023 were $1,606, $2,054, and $2,943, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

| Plan/Calendar Year | Annual Required Contribution (Rate) | Actual Contribution Made (Rate) | Percentage of ARC Contributed |
|---|---|---|---|
| 2024 | 0.11% | 0.11% | 100.00% |
| 2025 | 0.08% | 0.08% | 100.00% |

## 4. Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2024, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

### Actuarial Assumptions:

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.50% |
| Overall payroll growth | 3.6% to 11.85%, including inflation |
| Investment Rate of Return | 4.08%, net pension plan investment expense, including inflation. |
| Retirees' share of benefit-related costs | $0 |
| Administrative expenses | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68. |
| Mortality rates – service retirees | 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |
| Mortality rates – disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor. |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis with scale UMP to account for future mortality improvements. For disabled annuitants, the 2019 Municipal Retirees of Texas mortality tables with a 4 year set-forward for males and a 3 year set-forward for females.
In addition, a 3.5% and a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

**Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:**

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

| 1% Decrease 3.08% | Current Discount Rate 4.08% | 1% Increase 5.08% |
|---|---|---|
| $84,203 | $70,243 | $59,251 |

**Changes in the Total OPEB Liability:**

| | Total OPEB Liability |
|---|---|
| **Balance at 12/31/23** | $ 68,524 |
| Changes for the year: | |
| Service Cost | 4,253 |
| Interest | 2,623 |
| Difference between expected and actual experience | 917 |
| Changes in assumptions | (3,947) |
| Benefit payments | (2,127) |
| Net changes | 1,719 |
| **Balance at 12/31/24** | $ 70,243 |

## 5. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of $2,619. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

| | Deferred Outflows of Resources | Deferred (Inflows) of Resources |
|---|---|---|
| Changes in actuarial assumptions | $ - | $ (14,749) |
| Differences between expected and actual economic experience | - | (14,252) |
| Contributions subsequent to the measurement date | 1,132 | - |
| **Total** | $ 1,132 | $ (29,001) |

The City reported $1,132 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2026.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in expense as follows:

| Year ended December 31: | Deferred Outflow (Inflow) of Resources |
|---|---|
| 2025 | $ (15,263) |
| 2026 | (4,270) |
| 2027 | (4,964) |
| 2028 | (3,997) |
| 2029 | (507) |
| Thereafter | - |
| **Total** | $ (29,001) |

## E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies.

Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The City's deferred compensation plan is administered by a private corporation under contract with the City. Total participant contributions were approximately $10,400 for the year ended September 30, 2025. The City does not contribute to the plan.

### F. Prior Period Adjustment

During the year ended September 30, 2025, the City determined that the unearned revenue recognized in prior years would never be earned. The unearned revenue derived from a grant which had since been taken over by another grantor, and under terms different than those under which the unearned revenue was recognized. The effects of this adjustment are summarized in the below table.

| | Governmental Activities | Capital Street Construction Fund |
|---|---|---|
| Beginning net position, as previously reported at September 30, 2024 | $ 43,568,289 | $ 2,029,047 |
| Adjustment due to unearned revenue | 117,091 | 117,091 |
| Beginning net position, as restated at September 30, 2024 | $ 43,685,380 | $ 2,146,138 |

### G. Subsequent Events

The City has evaluated all events and transactions that occurred after September 30, 2025 through the date these financial statements were available to be issued. Management has determined that there are no subsequent events to disclose.

# REQUIRED SUPPLEMENTARY INFORMATION

# City of Parker, Texas

*BUDGETARY COMPARISON SCHEDULE - GENERAL FUND*

For the Year Ended September 30, 2025

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| **Revenues** | | | | |
| Taxes: | | | | |
| Property | $ 5,849,505 | $ 5,849,505 | $ 5,906,304 | $ 56,799 |
| Sales and mixed beverage taxes | 364,300 | 364,300 | 460,554 | 96,254 |
| Franchise and local taxes | 338,000 | 338,000 | 363,849 | 25,849 |
| Grants | 1,100 | 1,100 | 973,689 | 972,589 |
| Investment income | 650,000 | 650,000 | 737,074 | 87,074 |
| Licenses and permits | 347,500 | 347,500 | 402,195 | 54,695 |
| Fines and forfeitures | 225,000 | 225,000 | 132,466 | (92,534) |
| Other revenue | 6,000 | 6,000 | 55,243 | 49,243 |
| **Total Revenues** | 7,781,405 | 7,781,405 | 9,031,374 | 1,249,969 |
| **Expenditures** | | | | |
| Current operating: | | | | |
| Police department | 1,700,559 | 1,700,559 | 1,430,421 | 270,138 |
| Fire department | 1,035,190 | 1,035,190 | 996,014 | 39,176 |
| General government | 916,946 | 941,946 | 653,652 | 288,294 |
| City property | 510,220 | 585,220 | 546,958 | 38,262 |
| Public works | 645,309 | 645,309 | 343,914 | 301,395 |
| Building and code enforcement | 251,136 | 251,136 | 248,264 | 2,872 |
| Municipal court | 239,718 | 239,718 | 119,683 | 120,035 |
| Capital outlay | - | - | 5,589 | (5,589) |
| **Total Expenditures** | 5,299,078 | 5,399,078 | 4,344,495 | 1,054,583 |
| **Excess of Revenues Over (Under) Expenditures** | 2,482,327 | 2,382,327 | 4,686,879 | 2,304,552 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers in | 50,000 | 50,000 | 25,000 | (25,000) |
| Transfers out | (2,444,614) | (3,685,032) | (3,685,032) | - |
| Insurance reimbursements | - | - | 73,074 | 73,074 |
| **Total Other Financing Sources (Uses)** | (2,394,614) | (3,635,032) | (3,586,958) | 48,074 |
| **Net Change in Fund Balances** | 87,713 | (1,252,705) | 1,099,921 | $ 2,352,626 |
| **Fund Balances, Beginning** | 8,478,080 | 8,478,080 | 8,478,080 | |
| **Fund Balances, Ending** | $ 8,565,793 | $ 7,225,375 | $ 9,578,001 | |

# City of Parker, Texas

*SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS*

*TEXAS MUNICIPAL RETIREMENT SYSTEM*

Last Ten Measured Years

| Measurement Date | 12/31/2024 | 12/31/2023 | 12/31/2022 | 12/31/2021 |
|---|---|---|---|---|
| Total Pension Liability | | | | |
| Service Cost | $ 378,907 | $ 314,090 | $ 283,945 | $ 257,639 |
| Interest | 431,725 | 386,717 | 332,151 | 311,777 |
| Change in benefit terms | 625,328 | 374,920 | - | - |
| Difference between expected and actual experience | (25,209) | (450,141) | 100,756 | (37,249) |
| Changes of assumptions | - | 13,423 | - | - |
| Benefit payments, including refunds of participant contributions | (182,352) | (327,739) | (269,169) | (217,794) |
| Net change in total pension liability | 1,228,399 | 311,270 | 447,683 | 314,373 |
| Total pension liability, beginning | 5,672,316 | 5,361,046 | 4,913,363 | 4,598,990 |
| Total pension liability, ending (a) | $ 6,900,715 | $ 5,672,316 | $ 5,361,046 | $ 4,913,363 |
| Plan Fiduciary Net Position | | | | |
| Contributions - employer | $ 327,097 | $ 240,419 | $ 266,565 | $ 236,706 |
| Contributions - members | 135,324 | 107,811 | 117,171 | 107,349 |
| Net investment income | 469,545 | 466,995 | (308,444) | 472,758 |
| Benefit payments, including refunds of participant contributions | (182,352) | (327,739) | (269,169) | (217,794) |
| Administrative expenses | (3,010) | (2,969) | (2,669) | (2,189) |
| Other | (71) | (21) | 3,187 | 15 |
| Net change in plan fiduciary net position | 746,533 | 484,496 | (193,359) | 596,845 |
| Plan fiduciary net position, beginning | 4,516,639 | 4,032,143 | 4,225,502 | 3,628,657 |
| Plan fiduciary net position, ending (b) | $ 5,263,172 | $ 4,516,639 | $ 4,032,143 | $ 4,225,502 |
| Net pension liability/(asset) ending = (a) - (b) | $ 1,637,542 | $ 1,155,676 | $ 1,328,903 | $ 687,861 |
| Plan fiduciary net position as a % of total pension liability | 76.27% | 79.63% | 75.21% | 86.00% |
| Covered payroll | $ 1,933,197 | $ 1,796,855 | $ 1,952,854 | $ 1,789,157 |
| Net pension liability as a % of covered payroll | 84.71% | 64.32% | 68.05% | 38.45% |

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability.

| 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 | 12/31/2016 | 12/31/2015 |
|---|---|---|---|---|---|
| $ 240,809 | $ 232,383 | $ 197,110 | $ 177,420 | $ 169,837 | $ 142,149 |
| 284,370 | 263,390 | 245,536 | 226,154 | 207,380 | 196,185 |
| - | 28,011 | - | - | - | - |
| 97,916 | 66,461 | (478) | 19,112 | 52,583 | (2,192) |
| - | 11,930 | - | - | - | 81,015 |
| (233,179) | (301,958) | (144,651) | (146,144) | (164,770) | (157,911) |
| 389,916 | 300,217 | 297,517 | 276,542 | 265,030 | 259,246 |
| 4,209,074 | 3,908,857 | 3,611,340 | 3,334,798 | 3,069,768 | 2,810,522 |
| $ 4,598,990 | $ 4,209,074 | $ 3,908,857 | $ 3,611,340 | $ 3,334,798 | $ 3,069,768 |
| $ 216,779 | $ 199,957 | $ 180,329 | $ 161,326 | $ 140,906 | $ 132,625 |
| 100,827 | 98,259 | 87,800 | 79,147 | 75,483 | 68,124 |
| 249,892 | 441,645 | (84,398) | 332,048 | 148,469 | 3,182 |
| (233,179) | (301,958) | (144,651) | (146,144) | (164,770) | (157,911) |
| (1,619) | (2,499) | (1,634) | (1,723) | (1,679) | (1,938) |
| (62) | (74) | (87) | (87) | (90) | (96) |
| 332,638 | 435,330 | 37,359 | 424,567 | 198,319 | 43,986 |
| 3,296,019 | 2,860,689 | 2,823,330 | 2,398,763 | 2,200,444 | 2,156,458 |
| $ 3,628,657 | $ 3,296,019 | $ 2,860,689 | $ 2,823,330 | $ 2,398,763 | $ 2,200,444 |
| $ 970,333 | $ 913,055 | $ 1,048,168 | $ 788,010 | $ 936,035 | $ 869,324 |
| 78.90% | 78.31% | 73.18% | 78.18% | 71.93% | 71.68% |
| $ 1,680,453 | $ 1,637,653 | $ 1,463,325 | $ 1,319,109 | $ 1,258,049 | $ 1,136,281 |
| 57.74% | 55.75% | 71.63% | 59.74% | 74.40% | 76.51% |

# City of Parker, Texas

*SCHEDULE OF EMPLOYER CONTRIBUTIONS TO RETIREMENT PLAN*

*TEXAS MUNICIPAL RETIREMENT SYSTEM*

Last Ten Fiscal Years

| | 9/30/2025 | 9/30/2024 | 9/30/2023 | 9/30/2022 |
|---|---|---|---|---|
| Actuarially determined employer contributions | $ 362,549 | $ 319,266 | $ 249,437 | $ 272,889 |
| Contributions in relation to the actuarially determined contribution | 362,549 | 319,266 | 249,437 | 272,889 |
| Contribution deficiency (excess) | - | - | - | - |
| Annual covered payroll | $ 1,846,237 | $ 1,948,005 | $ 1,820,873 | $ 2,003,463 |
| Employer contributions as a percentage of covered payroll | 19.64% | 16.39% | 13.70% | 13.62% |

**Notes to Schedule:**

**Valuation Date:**

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 20 Years (longest amortization ladder) |
| Asset Valuation Method | 10 Year smoothed market; 12% soft corridor |
| Inflation | 2.50% |
| Salary Increases | 3.60% to 11.85% including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).<br>Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |

**Other Information:**

| | |
|---|---|
| Notes | Adopted 50% non-retroactive repeating COLA.<br><br>The information in this schedule has been determined as of the City's most recent fiscal year-end. |

| 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 | 9/30/2017 | 9/30/2016 |
|---|---|---|---|---|---|
| $ 228,226 | $ 210,992 | $ 200,142 | $ 170,493 | $ 154,623 | $ 134,731 |
| 228,226 | 210,992 | 200,142 | 170,493 | 154,623 | 134,731 |
| - | - | - | - | - | - |
| $ 1,736,745 | $ 1,659,525 | $ 1,634,800 | $ 1,385,733 | $ 1,293,066 | $ 1,191,182 |
| 13.14% | 12.71% | 12.24% | 12.30% | 11.96% | 11.31% |

# City of Parker, Texas

*SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS*

*TEXAS MUNICIPAL RETIREMENT SYSTEM*

Last Ten Measured Years

| | 12/31/2024 | 12/31/2023 | 12/31/2022 |
|---|---|---|---|
| **Total OPEB liability** | | | |
| Service Cost | $ 4,253 | $ 3,234 | $ 7,226 |
| Interest | 2,623 | 2,744 | 1,721 |
| Changes in benefit terms | - | - | - |
| Differences between expected and actual experience | 917 | (6,191) | 3,211 |
| Changes in assumptions or other inputs | (3,947) | 3,398 | (34,344) |
| Benefit payments, including refunds of participant contributions | (2,127) | (1,617) | (1,562) |
| **Net Change in Total OPEB Liability** | 1,719 | 1,568 | (23,748) |
| **Total OPEB Liability - Beginning** | 68,524 | 66,956 | 90,704 |
| **Total OPEB Liability - Ending (a)** | $ 70,243 | $ 68,524 | $ 66,956 |
| **Covered-Employee Payroll** | $ 1,933,197 | $ 1,796,855 | $ 1,952,854 |
| **Total OPEB Liability as a Percentage of Covered-Employee Payroll** | 3.63% | 3.81% | 3.43% |

**Notes to Schedule:**

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

| 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 |
|---|---|---|---|---|
| $ 4,831 | $ 3,697 | $ 4,094 | $ 4,390 | $ 3,430 |
| 1,649 | 1,939 | 5,520 | 1,537 | 1,432 |
| - | - | - | - | - |
| 2,010 | (4,248) | (98,867) | 100,311 | - |
| 2,876 | 10,894 | 11,490 | (3,411) | 3,479 |
| (1,431) | (335) | (328) | (293) | (264) |
| 9,935 | 11,947 | (78,091) | 102,534 | 8,077 |
| 80,769 | 68,823 | 146,914 | 44,380 | 36,303 |
| $ 90,704 | $ 80,770 | $ 68,823 | $ 146,914 | $ 44,380 |
| $ 1,789,157 | $ 1,680,453 | $ 1,637,653 | $ 1,463,325 | $ 1,319,109 |
| 5.07% | 4.81% | 4.20% | 10.04% | 3.36% |

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# OTHER SUPPLEMENTARY INFORMATION

# City of Parker, Texas

*COMBINING BALANCE SHEET*

*OTHER NONMAJOR GOVERNMENTAL FUNDS*

September 30, 2025

| | Capital Drainage Fund | Capital Facilities Fund | Volunteer Fire Dept. Fund | Law Enforcement Fund | Equipment Replacement Fund |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | $ 507,239 | $ 1,576,635 | 94,208 | $ 14,348 | $ 1,407,964 |
| Prepaids | - | - | - | - | 15,135 |
| **Total Assets** | 507,239 | 1,576,635 | 94,208 | 14,348 | 1,423,099 |
| **Liabilities** | | | | | |
| Accounts payable | - | - | 700 | 9,432 | 63,812 |
| | - | - | 700 | 9,432 | 63,812 |
| **Fund Balances** | | | | | |
| Nonspendable | - | - | - | - | 15,135 |
| Restricted for: | | | | | |
| Public safety | - | - | 93,508 | 4,916 | - |
| Parks and recreation | - | - | - | - | - |
| Committed: | | | | | |
| Capital projects | 507,239 | 1,576,635 | - | - | 1,344,152 |
| **Total Fund Balances** | 507,239 | 1,576,635 | 93,508 | 4,916 | 1,359,287 |
| **Total Liabilities and Fund Balances** | $ 507,239 | $ 1,576,635 | $ 94,208 | $ 14,348 | $ 1,423,099 |

| Court Security Fund | Court Technology Fund | Child Safety Fund | Police Donations Fund | Parks Fund | Technology Replacement Fund | Total Other Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|
| $ 64,597 | $ 10,426 | $ 21,625 | $ 10,165 | $ 59,222 | 218,920 | $ 3,985,349 |
| - | - | - | - | - | - | 15,135 |
| 64,597 | 10,426 | 21,625 | 10,165 | 59,222 | 218,920 | 4,000,484 |
| - | - | - | - | - | - | 73,944 |
| - | - | - | - | - | - | 73,944 |
| - | - | - | - | - | - | 15,135 |
| 64,597 | 10,426 | 21,625 | 10,165 | - | - | 205,237 |
| - | - | - | - | 59,222 | - | 59,222 |
| - | - | - | - | - | 218,920 | 3,646,946 |
| 64,597 | 10,426 | 21,625 | 10,165 | 59,222 | 218,920 | 3,926,540 |
| $ 64,597 | $ 10,426 | $ 21,625 | $ 10,165 | $ 59,222 | $ 218,920 | $ 4,000,484 |

# City of Parker, Texas

*COMBINING STATEMENT OF REVENUES, EXPENDITURES*
*AND CHANGES IN FUND BALANCES*
*OTHER NONMAJOR GOVERNMENTAL FUNDS*
For the Year Ended September 30, 2025

| | Capital Drainage Fund | Capital Facilities Fund | Volunteer Fire Dept. Fund | Law Enforcement Fund | Equipment Replacement Fund |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Fines and forfeitures | $ - | $ - | $ - | $ - | $ - |
| Donations | - | - | 1,988 | - | - |
| Investment income | - | - | 1,764 | - | - |
| Other income | - | - | - | - | - |
| **Total Revenues** | - | - | 3,752 | - | - |
| **Expenditures** | | | | | |
| Current: | | | | | |
| General government | - | - | 1,208 | 1 | 119,153 |
| Public safety | - | - | 1,632 | - | - |
| Capital outlay | 6,000 | - | 13,134 | - | 315,951 |
| Debt service: | | | | | |
| Principal | - | - | - | - | 89,705 |
| Interest | - | - | - | - | 1,483 |
| **Total Expenditures** | 6,000 | - | 15,974 | 1 | 526,292 |
| **Excess (Deficiency) of Revenues Over (Under) Expenditures** | (6,000) | - | (12,222) | (1) | (526,292) |
| **Other Financing Sources (Uses)** | | | | | |
| Transfers in | 100,000 | 300,000 | - | - | 746,000 |
| Insurnace reimbursements | - | - | - | - | 132,892 |
| **Total Other Financing Sources (Uses)** | 100,000 | 300,000 | - | - | 878,892 |
| **Net Change in Fund Balances** | 94,000 | 300,000 | (12,222) | (1) | 352,600 |
| **Beginning Fund Balances** | 413,239 | 1,276,635 | 105,730 | 4,917 | 1,006,687 |
| **Ending Fund Balances** | $ 507,239 | $ 1,576,635 | $ 93,508 | $ 4,916 | $ 1,359,287 |

| Court Security Fund | Court Technology Fund | Child Safety Fund | Police Donations Fund | Parks Fund | Technology Replacement Fund | Total Other Nonmajor Governmental Funds |
|---|---|---|---|---|---|---|
| $ 4,822 | $ 3,938 | $ 7,912 | $ - | $ - | $ - | $ 16,672 |
| - | - | - | 2,398 | 9,893 | - | 14,279 |
| - | - | - | - | - | - | 1,764 |
| - | - | - | - | 35 | - | 35 |
| 4,822 | 3,938 | 7,912 | 2,398 | 9,928 | - | 32,750 |
| | | | | | | |
| - | - | - | 2,500 | 11,420 | - | 134,282 |
| - | 3,160 | 3,166 | - | - | 20,854 | 28,812 |
| - | - | - | - | - | - | 335,085 |
| | | | | | | |
| - | - | - | - | - | - | 89,705 |
| - | - | - | - | - | - | 1,483 |
| - | 3,160 | 3,166 | 2,500 | 11,420 | 20,854 | 589,367 |
| | | | | | | |
| 4,822 | 778 | 4,746 | (102) | (1,492) | (20,854) | (556,617) |
| | | | | | | |
| - | - | - | - | 40,000 | 155,000 | 1,341,000 |
| - | - | - | - | - | - | 132,892 |
| - | - | - | - | 40,000 | 155,000 | 1,473,892 |
| | | | | | | |
| 4,822 | 778 | 4,746 | (102) | 38,508 | 134,146 | 917,275 |
| | | | | | | |
| 59,775 | 9,648 | 16,879 | 10,267 | 20,714 | 84,774 | 3,009,265 |
| $ 64,597 | $ 10,426 | $ 21,625 | $ 10,165 | $ 59,222 | $ 218,920 | $ 3,926,540 |

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# COMPLIANCE AND INTERNAL CONTROL SECTION

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# INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council
City of Parker, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Parker, Texas (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated January 20, 2026.

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tom Bean, Texas
January 20, 2026